

**JOINT RESOLUTION ON PROPERTY TAX
EXEMPTION FOR WATER FACILITIES**

2010 GENERAL SESSION

STATE OF UTAH

LONG TITLE

General Description:

This joint resolution of the Legislature proposes to amend the Utah Constitution to modify a property tax exemption related to water facilities.

Highlighted Provisions:

This resolution proposes to amend the Utah Constitution to:

- ▶ modify a provision exempting certain water rights and water facilities from property taxation;
- ▶ eliminate language limiting the exemption to water rights and facilities owned and used by an individual or corporation to irrigate land that is within the State and owned by the individual or corporation or an individual member of the corporation;
- ▶ expand the exemption to apply to water infrastructure, including a perimeter or corridor reasonably necessary to support the operation of exempt water facilities;
- ▶ expand the uses for which water rights and facilities may be used in order to qualify for the exemption to include providing domestic water and providing water to a public water supplier;
- ▶ clarify that transmission lines subject to the exemption are electrical transmission lines; and
- ▶ make technical changes.

Special Clauses:

This resolution directs the lieutenant governor to submit this proposal to voters.

This resolution provides a contingent effective date of January 1, 2011 for this proposal.

Utah Constitution Sections Affected:

AMENDS:

ARTICLE XIII, SECTION 3

32 *Be it resolved by the Legislature of the state of Utah, two-thirds of all members elected to each*
33 *of the two houses voting in favor thereof:*

34 Section 1. It is proposed to amend Utah Constitution Article XIII, Section 3, to read:

35 **Article XIII, Section 3. [Property tax exemptions.]**

36 (1) The following are exempt from property tax:

37 (a) property owned by the State;

38 (b) property owned by a public library;

39 (c) property owned by a school district;

40 (d) property owned by a political subdivision of the State, other than a school district,
41 and located within the political subdivision;

42 (e) property owned by a political subdivision of the State, other than a school district,
43 and located outside the political subdivision unless the Legislature by statute authorizes the
44 property tax on that property;

45 (f) property owned by a nonprofit entity used exclusively for religious, charitable, or
46 educational purposes;

47 (g) places of burial not held or used for private or corporate benefit;

48 (h) farm equipment and farm machinery as defined by statute; and

49 (i) to the extent used within the state to irrigate land, provide domestic water, as
50 defined by statute, or provide water to a public water supplier:

51 [(†)] (A) water rights[;];

52 (B) reservoirs, pumping plants, ditches, canals, pipes, flumes[;]; and, as defined by
53 statute, other water infrastructure;

54 (C) as defined by statute, any perimeter or corridor reasonably necessary to support the
55 operation of those reservoirs, pumping plants, ditches, canals, pipes, flumes, or other water
56 infrastructure; and

57 (D) power plants[;] and electrical transmission lines [to the extent owned and used by
58 an individual or corporation to irrigate land that is:];

59 [(†) within the State; and]

60 [(ii) owned by the individual or corporation, or by an individual member of the
61 corporation.];

62 (2) (a) The Legislature may by statute exempt the following from property tax:

(i) tangible personal property constituting inventory present in the State on January 1 and held for sale in the ordinary course of business;

(ii) tangible personal property present in the State on January 1 and held for sale or processing and shipped to a final destination outside the State within 12 months;

(iii) subject to Subsection (2)(b), property to the extent used to generate and deliver electrical power for pumping water to irrigate lands in the State;

(iv) up to 45% of the fair market value of residential property, as defined by statute;

(v) household furnishings, furniture, and equipment used exclusively by the owner of that property in maintaining the owner's home; and

(vi) tangible personal property that, if subject to property tax, would generate an inconsequential amount of revenue.

(b) The exemption under Subsection (2)(a)(iii) shall accrue to the benefit of the users of pumped water as provided by statute.

(3) The following may be exempted from property tax as provided by statute:

(a) property owned by a disabled person who, during military training or a military conflict, was disabled in the line of duty in the military service of the United States or the State; and

(b) property owned by the unmarried surviving spouse or the minor orphan of a person who:

(i) is described in Subsection (3)(a); or

(ii) during military training or a military conflict, was killed in action or died in the line of duty in the military service of the United States or the State.

(4) The Legislature may by statute provide for the remission or abatement of the taxes of the poor.

Section 2. **Submittal to voters.**

The lieutenant governor is directed to submit this proposed amendment to the voters of the state at the next regular general election in the manner provided by law.

Section 3. **Effective date.**

If the amendment proposed by this joint resolution is approved by a majority of those voting on it at the next regular general election, the amendment shall take effect on January 1, 2011.

Legislative Review Note
as of 10-16-09 11:12 AM

Office of Legislative Research and General Counsel